

February 6, 2015
Governor Announces Medicaid Expansion Plan

GOA: Welcome. Thank you for being here. Thank you for the opportunity to say a few words about an exciting day for us. There has been lots of discussion about where we are economically, the price of oil, those kind of things. This is a different day. This is a day where we, . . . We announce some really good news. We are excited about the . . . one of the campaign commitments that Byron Mallott and I made was that on day one we would begin the process on implementation of the expansion of Medicaid and we were happy to do that on day one when I announced that Val Davidson coming on board. That was a great step in the right direction. Today we talk about releasing a report that's been done by her department internally about how we're doing, what's this is going to do for Alaska, what its going to do for Alaskans. It's going to show that 41,000 Alaskans will benefit from expanded Medicaid. That's a big deal . . . that's a really big deal.

Applause

GOA: There has been lots of discussion about the economy and what the expansion of Medicaid does is it helps Alaskans and what helps Alaska is a healthy economy. It's not about just bringing revenue and jobs, its about doing what's the right thing to do. I've always said that we're not going to balance the budget on the backs of Alaska's health care. Those that need the health care are going to have the health care. We are very, very pleased to have the team that's been put together. They are actually going to show a cost savings as a result of the expanded Medicaid. There will be cost savings in our budget which is a big issue. That's very important. So the Alaska Mental Health Land Trust has graciously offered to cover the cost of implementation administratively. That's one of the push backs we have received in the past. So I'm very pleased about that.

You know, across the state wherever I travel, somebody comes up and says "thank you". It's just, it's very very moving for me to see what a team can do when you're on the path of what's best for Alaska. So I'm so fortunate to have the team that I have. The team that Val has put together. The team of health care providers across the state, concerned citizens. You know I'm am constantly approached by one of the 41,000 that did not have health care coverage now that are so appreciative of, they have hope of having health care coverage. So I am very excited about being able to . . . this is a day we have worked hard to be able to be ready for. And I am just so excited about asking my good friend, you commissioner, Val Davidson to come up and say a few words.

Applause

Davidson: Quayana Cakneq Governor Walker, what a great day this is for Alaska. To the many many people in this room and around the state who have really pushed for Medicaid expansion for the last several years. Because as Alaskans we know

that we can count on each other to help each other. That when things get tough and when things get tight, real leaders don't walk away. They step forward. I just wanted to express my appreciation for an incredible leader who made that decision with regard to health care, Governor Walker.

Applause.

Davidson: So as Governor Walker mentioned, we are releasing a couple of reports today. One is the Healthy Alaska Plan: A Catalyst for Reform. And as Governor Walker indicated, it's healthy for Alaska. It's healthy for the Alaskan economy and it's healthy for the Alaska budget. Because we see Medicaid expansion as a catalyst for meaningful Medicaid reform. The other part of the report looks like this. It is available on our website. I think starting shortly after this press conference. And part of that report is also a report that was released just now by Evergreen Economics. It is a refresher of information that was previously done. There were a couple of reports that were done by the Urban Institute. I do want to acknowledge and thank the Alaska Native Tribal Health Consortium for that work in that regard. I see Chairman Andy Teuber here, Chairman and President, along with Roald Helgesen. Another report that was previously done was the Lewin Report done in the prior administration. And we thought that moving forward we needed to have a better, a more refreshed analysis of where we are moving forward.

So Evergreen Economics has really been doing Medicaid analysis for our state for actually about a decade. They are very familiar with our Medicaid program and very familiar with our population and they are very familiar with working with us as Alaskans. Their analysis undertook three analyses.

First there is the projection of the expansion population for fiscal year 2016 through 2021. While Governor Walker indicated that over 41,000 Alaskans are eligible, we anticipate that in the first year about 20,000 Alaskans will actually enroll. And we probably won't necessarily have 100% participation, which is what we also see in our regular Medicaid program. The good news is that if they're interested in enrolling, they can.

The other analysis looked at the projection of the per cost enrollee for providing Medicaid services. And that cost is about \$7,250 per person.

The third area looked at the estimates of the total spending on services, including what's the federal share and also what's the state investment for that federal return. And in the first year, the federal share is about \$145 million in match increasing to about \$225 million in 2021. And what that tells us is that over a billion dollars, a billion with a "B", dollars of new revenue coming to our state at a time where as Governor Walker indicated we could use those revenues in our state. The state matches about zero in the first year and increases to about \$20 million in the out years.

The other good news, though is that we have also identified some significant savings where the general fund currently pays for individuals.

We've been asked by people a lot, well, who are these Alaskans? Can you tell us a little bit more about them? Well, these are individuals who are typically working Alaskans. Nearly 44% of the newly eligible population are actually working Alaskans. They are people who work but don't have incomes that are of a sufficient level for them to be able to afford health coverage. Another 28% are actually on the job market. They are people who have either been recently employed, whether they are seasonally employees, maybe they are fisherman or they are people who are actively looking for work.

One of the things we know is that when people don't have the health care that they need, we are all impacted as a state. These are people that we know by name. They are our friends, they are our family members and they are our neighbors. They are people that we interact with every day. Whether you are the health care provider providing care to the underinsured or uninsured, and you are providing a significant part of uncompensated or charity care, whether you are the business owner who feels the impact of a worker who is sick and when their employees can't get the care that they need, or maybe you're an individual who has to reduce your work hours or maybe quit working all together because of unattended health issues. We want Alaskans to be healthy. We want them to be able to contribute to our economy. What we know is that people who can't work, and can't hunt and they can't fish – the things that make Alaska great – if they are not healthy enough to do so. This is something that we can do for our fellow Alaskans, to be able to help with that. We can do it while saving state general fund dollars.

One of the things that has been hard is just looking at our past and where we are is that expansion has been available to Alaskans with 100% federal contributions since January first. If only we had a state, we as a state had been ready to move forward. And for 397 days today thousands of Alaskans have gone without access to health care coverage. That's got to change and that's going to change thanks to the leadership by our governor.

The other good news is we've also identified some pretty significant savings and Alaska actually saves general funds dollars by covering this new population. So the initial savings in the first year are about \$6.1 million during the first year of expansion alone, including \$4 million in savings in the corrections budget; \$1 million in catastrophic and chronic medical assistance programs and \$1 million in behavioral health grants. And they exceed the initial administrative cost. In the out years, those offsets actually increase to about \$24 and half million in savings in offsets resulting in savings of about \$3 million in the out years. And those are just in a few categories. We know that we can identify additional savings in the out years. We do have to . . . (ringing in the back ground) . . . Maybe it's somebody calling saying they're ready to sign up! (laughter) which would be great! We'll be ready this summer.

As Governor Walker also indicated, we also want to thank some incredible partners, many of whom are here today. We want to specifically thank the Mental Health Trust Authority. The trustees at a recent meeting agreed to provide the funds necessary to cover the first year of administrative costs.

(ringing in the background) Maybe they have a spouse they'd like to sign up!
(laughter)

So the other part of it is that we know that expansion is really the first step. But we also need to talk about what we are going to do down the road. As Governor Walker mentioned, we have a price per barrel of oil challenge at the moment. I heard it did come up a little bit. But we know that when these challenges happen, just like we do in our own homes, when our resources get tightened, it also allows us the permission and the requirement for us to be bold and to be innovative. So we are undertaking a reform plan that again thanks to the Mental Health Trust Authority they have funded the opportunity for us to be able to engage stakeholders and look at what other states are doing so that we can develop an Alaska plan. It's funny, because every time a new state comes on board with a new Medicaid expansion plan and whether it's a waiver, somebody will stop me in the hall and they'll say "hey Val, have you seen that Indiana plan or that such and such state's plan? Maybe we ought to do that here? Can't we do that tomorrow?" Well, the truth is, other states have really been working for expansion for years. And our Governor has been here for about two months and I've been there with him, and we can get a lot done in two months, but probably what has taken other states years to do is probably not necessarily doable. And we also know from experience, that if we take a plan that's designed in another state and drop it here in Alaska, we've tried that before – we've done that before – Alaska is unique, we say that all the time. Our population is small and our geography is vast. We are very rural in nature and we need to take the time to develop an Alaska plan. One that is responsible and insures that while we can take measures and do the analysis to bend the cost curve for Medicaid, we also want to make sure that individual Alaskans aren't adversely impacted.

So what are those building blocks? We're looking at things like payment reform. How are we paying for services. Is there a way that we can do where we can focus on prevention. Strengthening primary care – are individuals in our state, do they have access to a primary care provider? Whether that's a community health aid, whether that's a nurse practitioner, whether that's a physician. How are we doing that? Also care management, making sure that people get the right care in the right setting and at the right time. Typically that also means at the right price.

Also, workforce innovation can we do things differently so that we are able to maximize the number of Alaskans who can provide service within their scope of practice some of which I mentioned before. Also, what are other federal matching opportunities that exist that will allow us to be able to do that? And then what are we doing for tele-health in our state? We have much more opportunities there.

I could probably go on and on, but in the interest of time I probably won't. But one of the things I do want to let you know is it's pretty clear that today, we don't necessarily have all the answers for what we'd would like reform to be. We are really open to that. I know many Alaskans have really loved Governor Walker's commitment to transparency. And you are going to see that here with the Medicaid reform effort. And we are going to work with Alaskans and also learn from other states to be able to evaluate whether those innovations would work here in Alaska. And we are really heartened by the number of Alaskans who have stepped forward with their incredible ideas and many of them are here today. With that, on behalf of everybody in this state, I just want to say to you, Governor Walker Quyana Cakneq. Thank you very much. And you're saving lives and it matters and in a time when it would be easy for people to step away, you haven't. You've stepped forward. So thank you for that.

GOA: Thank you very much. (applause)

GOA: Questions? Let just say that when I first met Val, during my interview when I was interviewing for that position and we had like 15 minute time slots, it was kinda like this speed dating thing, it was a little fast for me. She moved into the 15 minute time slot – two hours later, my staff came into me and said “you guys have to knock it off”. But you know what we did, we looked for, we read the resumes and we looked for the passion, boy, she had it on both – incredible resume, incredible passion, incredible heart for this issue and for the people of this state, for the people of the state. It's been exciting to . . . from across the state people say thank you for what you've done for Alaska with Val Davidson. And if you like Val, you'll love her mother. Her mother is awesome. Happy to take any questions you might have.

Question: With the Alaska plan idea, is that just for the expansion population that you're talking about or is it for broader Medicaid

Davidson: I'm sorry, no for the reform plan, we're actually looking at all of Medicaid. So what we would like to do with expansion, is take the time to be able, while we're taking the time to develop a program for all of Medicaid in the out years, we want to make sure that we have the opportunity to expand Medicaid first and do it quickly because our last year for 100% federal match under expansion ends December of 2016.

Question: But so you're not talking about, a waiver . . like taking the standard model at first, and then doing a waiver for a different kind of expansion down the road? Is that something that you're

Davidson: I think what we're talking about right now is doing an expansion that actually mirrors our existing Medicaid program in terms of benefits and then taking the time to develop a plan for not only expansion but for also for all of Medicaid.

Question: Can you talk a little bit more about who will cover the cost of the administrative part of the program and how that would work?

Davidson: Sure. So we have identified a few administrative costs, just additional employees to be able to cover the enrollment intake workers at the very front end and also some additional staff to be able to do the processing of the payments. It's about \$1.3 million in 2016 and that number increases to about \$1.6 million in 2021. So for the first year, the Mental Health Trust Authority has agreed to cover those costs, recognizing that it's going to take some time for that federal match to be able to come in. But in the out years, as I mentioned, the savings actually, the offsets that we identified in corrections, in catastrophic coverage, and also some grants that we believe we'll be able to now transition to Medicaid reimbursement, we'll be about \$24.5 million and then resulting about \$3.5 million in the out years in savings.

Question: How confident are you that you can make the case for this to skeptics in the legislature?

Davidson: Well, I think one of the things that I appreciate about, . . . I'm not sure if that's a question for me . . . perhaps this was a question for the Governor? So you know, we have said from the very beginning and Governor Walker has said from the very beginning, that we want a partnership with the legislature to be able to do this. So Governor Walker included the resources where he could spend authority for the expansion population for to be able to receive those federal revenues in the 2016 budget proposals. But we also recognize that there are some technical changes that we need to make to Medicaid under our existing statutes because the advances in the Afford Care Act are new and some of our Medicaid statutes quite frankly are dated, and we also to make sure that we have clear authority from the legislature to be able to move forward with reform. One of the things that I really appreciate about Governor Walker is that he really is a collaborator. And I certainly see that as an opportunity to work with the legislature. So quite frankly, I think there are some legislators who aren't, you know, necessarily so hot on expansion per se, but they are interested in reform and so if the two going hand in hand in hand, and we can show that there are savings to the state at a time when we are looking for those savings opportunities in our general fund, and I believe they'll come on board.

Question: How do you expand Medicaid when there's problems in the payment system currently?

Davidson: So let me tell you where we are with both enrollment as well as the payment system. So having been here 8 weeks, we took a look at what, we would have loved to be able to say, we're gonna do the expansion on January 1. Wouldn't that have been incredible? We would have loved to be able to say probably, maybe April 2. . . you don't start anything really good on a foolish day. So don't start on the first. But we really think that in order to be able to clean up

some of our back log in enrollment and also address some of those delayed payment issues, that we're probably going to be shooting to July.

GOA: That's a good question. I get regular briefings on the schedule of payments and sort of tracking of how it's going out, the improvements that are going on on a regular basis, so every indication that I have received is that we are on the improvement side of the problem. I've heard from vendors all over the state, sometimes they are small, single, sole proprietorships that are having a tough, tough time. I come from the private sector, that's what I've known all my life until this job, so I'm sympathetic to that and so we are very focused on and we have zero tolerance for any unnecessary delays. We did certainly evaluate whether it was appropriate to go in and to start over again with somebody new. I made the decision that I was convinced that significant progress was being made, but it's not something we sort of push off to the side and say let me know in six months. I'm briefed on that regularly as far the update . . . and they can show that, how much money went out last week, how much in the way of payment last week, or the week before. And I'm looking for that tracking on a weekly basis that we're improving every week. And they know I'm watching.

Question: How close in terms dollars or numbers of outstanding payments is your office to being caught up?

GOA: I don't have the exact number on that, I continue to look for improvements in the tracking system and they know that we are watching closely and we've met with them at the highest level. People that are frustrated about that, don't be hesitant about getting ahold of Val. Or me.

We need to hear from you as far as the circumstances . . . if we don't hear about it, we're not going to know about it. So we ask for your help in that regard. It's great to hear the successes but we also welcome the challenges. . . we welcome the opportunity to address your challenges as health care providers because you're on the front lines for us. So if you're not getting reimbursed, if you're not getting paid, that impacts Alaska. That becomes our job.

Question: Becky Bohrer with the Associated Press. Question for Ms. Davidson, when you're talking about the offset, I think you mentioned \$24.5 million is that the initial year, is that over all, I just want a clarification on that number.

Davidson: No, I'm sorry. In the first year it's \$6.1 million in offsets and in the year 2021, it's 24.5 million based upon what we know so far. But we also know that we're anticipating identifying additional savings, but in the last 8 weeks, these are the savings that we have identified so far and they include the catastrophic coverage as I mentioned before, they include savings for corrections and also in grants.

Question: Is that figure included in this report or is that something that's internal work within the department?

Davidson: It's included in the Healthy Alaska Plan. It is included in the report.

Question: This is Jennifer Canfield Alaska Budget Report. In looking at some of the line items in the behavioral health section of the budget that was released earlier this week and I just wanted to ask the Commissioner, some of the items under behavioral health are completely zeroed out. Are those the items that you're saying can possibly be covered by this Medicaid expansion, things like suicide prevention, fetal alcohol syndrome programs?

Davidson: So the savings that we have identified for this are actually about \$1 million in behavioral health grants. But I don't believe that those were the grants, that those cuts were identified. Those savings were captured here.

GOA: Just let me add, normally your Lt. Governor Byron Mallott would be at my side on this exciting day. This has been a big issue for Byron as well. The weather plan chose to have him stay in Juneau today – the winds were blowing much last night. And today the flights were cancelled. Otherwise he would be here. What Byron says so well, he says you know when you're in a financially challenging time you really need to make sure your priorities are in order so that you don't do something that is going to affect someone else's lives in such way . . . such as health care. He would speak to that very eloquently like he always does. So I wish he were here. But he sends his regrets because of the weather.

Question: I've got a question not related to the Medicaid, but about ANWR, in an op ed in the News Miner the announcement (inaudible) violated the spirit of ANILCA more clause, I just wondered if you could explain that in terms of how you think it violates the law or the spirit

GOA: When ANILCA was entered into, I believe it was 1980, there was a hundred million acre provision in there and it was a significant amount of acreage that was set aside and there's a provision that there be no more without the blessing of congress. I know the steps that were taken on that recently by the President, you know begins the process for Congress to be involved, but it clearly, I think is in violation of the no more clause, now what they are doing is they are treating that land as though they had received the congressional authority according to my conversation with Secretary Jewell and that's inappropriate. That is clearly in violation of the no more clause. It shouldn't be treated any differently now as a result of . . . until congress acts which I don't think congress is going to agree with the President on that. It's a significant step I think, over step on their part in our ability to responsibly develop our resources.

Question: The announcement by the President of the plan.

GOA: That's correct. Yup.

Question: You had also said that I think suing is not going to be your first option, but if you were to sue, on what basis would you sue?

GOA: Oh, in theories, it would certainly be in violation of the statehood compact. The statehood compact was something that we relied upon when we became a state. And I think that's been violated. The spirit and intent of the transfer of lands to Alaska was so that we could earn our living, our livelihood off of our resources and develop our resources. I think they are in violation of that. I mean, I image there will be some litigation at some point, but that's just not the first thing I reach for. I'm still in the discussion mode. Sometimes when you start with litigation it sort of closes the doors of discussion. I'm not done with the discussion. We are going to Kotzebue later this month to meet with Secretary Jewell and the delegation will be there as well and the house and senate leadership are going be there as well. I very much appreciate their standing united on this issue. There will be more discussion. I think if you start with the litigation process right away, it closes the door, and they say, well, we'll leave it up to the lawyers. I'm familiar with that concept and I'm not going to go down that road quite yet. I think we have still have more cups of coffee to have and more discussions to have but it will be a little more aggressive I think than my last cup of coffee with the Secretary.